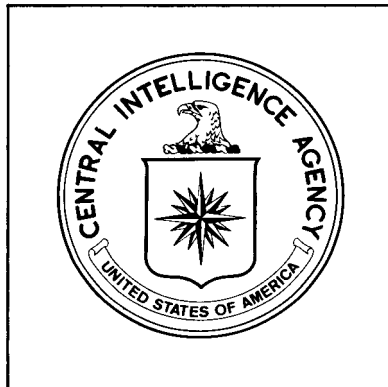


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MIDDLE EAST - AFRICA - SOUTH ASIA

This publication is prepared for regional specialists in the Washington community by the Middle East - Africa Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Persian Gulf

A Joint General Cargo Fleet

Six Persian Gulf states may establish a \$700 million joint shipping company that would triple the size of their general cargo fleets to nearly one million tons. It would be the first joint general cargo fleet in the area, although a number of joint oil tanker companies already exist. The antiquated general cargo fleets of the countries involved--Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates--now totals less than 300,000 tons.

Saudi Arabia is pushing for action on the proposal, but several problems must be resolved before the company can be established. Bahrain and Oman are unable to meet their share of the capital. Although Kuwait has offered to purchase a majority interest, some countries do not want Kuwait to head the company. These countries are also concerned that Kuwait's aging ships are slated to be the nucleus of the fleet until new vessels are purchased. (CONFIDENTIAL)

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Sikkim

On the Way to Statehood

On April 21, the Indian government introduced a constitutional amendment in the lower house of parliament that aims at making Sikkim a full state in the Indian union. Prime Minister Gandhi's parliamentary majority ensures smooth passage through both houses, and there seem to be no problems to prevent ratification by at least half the state legislatures, as required for final adoption.

The bill provides for replacement of the hereditary ruler, the chogyal, by a governor appointed by New Delhi. The governor of Sikkim will be more powerful than other state governors, and will, in effect, give New Delhi full control over all important Sikkimese affairs. To maintain a check over the ethnic Nepalese majority which brought about the chogyal's downfall, the central parliament will reserve seats in Sikkim's legislature for the ethnic minority which has tended to support the chogyal.

The bill does not decide the fate of the chogyal, but it abolishes his role. He remains sequestered in his palace, and presumably will eventually be forced into exile. Leftists in India and Sikkim are conducting a publicity campaign against the chogyal and calling for his departure. (CONFIDENTIAL)

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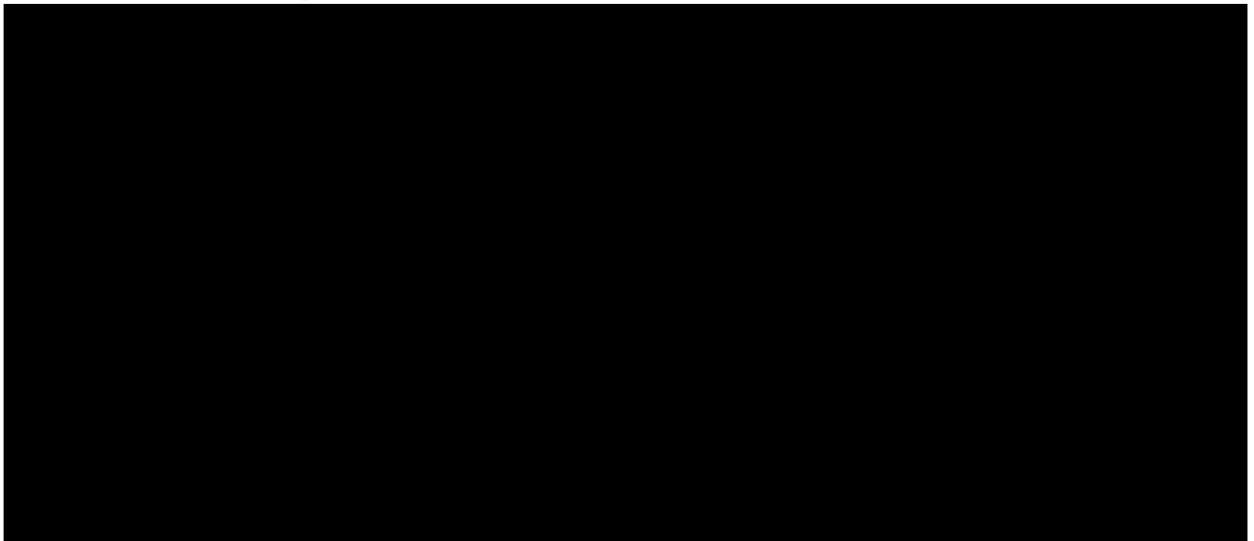
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Sri Lanka

Possible Arms Smuggling Onto Island

Reports of arms smuggling onto the island have increased government concern that discontented left-wing elements may be planning another attempt to overthrow the regime.

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The government has long been worried about a possible revival of the leftist insurgency that erupted in early 1971. At that time the government rounded up some 18,000 suspects, mostly under 30; about 500 are still under detention. Small groups of insurgents, some of whom eluded capture in 1971 and others who later joined the movement, are now reported to be operating in various parts of the island. Their activities are so far largely confined to recruitment and occasional thefts of weapons.

The 500 remaining detainees are in youth rehabilitation camps. The police special branch claims that these camps are visited regularly by Chinese embassy officials, ostensibly to check on tractors sent to the camps by the Peking government.

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Mrs. Bandaranaike's son-in-law, Kumar Rupasinghe, is involved in the administration of one of these camps, located on the southern coast near a spot where arms may have been landed. Rupasinghe has well-established leftist credentials and is currently a rival for influence and power with the Prime Minister's son. Rupasinghe is suspected [REDACTED]

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[REDACTED] of attempting to develop a political following in the camp. If so, it is unclear whether he seeks to make common cause with the insurgents or is trying to influence the young people to join in less violent ways of expressing their unhappiness.

Sri Lanka contains a large number of unemployed young people, discontented by food shortages and economic stagnation and disillusioned with the parties--left, center, and right--of the political establishment. Although these youths may eventually make another effort to overthrow the government, they do not appear prepared for a serious attempt at this time. [REDACTED]

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